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December 1982

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Food Packaging

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Food Engineering's exclusive

1982 Salary Survey

Here's what over 1,500 of you reported to us about salaries for 1982 ... and your comments

The average (median) salary for all types of "managers" in the food industry for 1982 was $33,760. That is 16.4% higher than the salaries reported two years ago in *Food Engineering's* survey which was published in December 1980.

This year's survey was conducted during October 1982, when 6,000 questionnaires were mailed to a cross-section of personnel employed by food manufacturing firms. By November 1, the cut-off date, 1,528 questionnaires were completed and returned to *Food Enginnering.* The information published here is a tabulation of those questionnaires.

Vice Presidents of Research and Development topped the list with a median salary of $66,000. That is $10,000 higher than the median salary for Vice Presidents of Manufacturing, and $10,200 higher than the median salary for Vice Presidents of Marketing and Sales.

One reason for the higher salaries of Vice Presidents of R&D is personnel with that position tend to have a Ph.D. And Ph.D's reported salaries about 23% higher than personnel with Bachelors degrees, and 21% higher than personnel with Masters degrees. Data pertaining to salaries and educational

(Continued on next page)

1982 SALARY SURVEY . . . experience is published in a table elsewhere in this article.

Salaries of presidents

Unfortunately, only a few presidents of large food companies (500 or more employees) responded to the survey, thus distorting the results in favor of small companies (under 100 employees). Since those results would be more misleading than helpful, they are not published here.

However, other surveys by other organizations provide a good look at salaries and compensation of presidents of food companies. For example, Arthur Young & Company (New York City) reports that in 1981 chief executive officers of "food products companies at all levels of sales volume in bonus-paying companies" were paid an average of $325,400. Chief *operating* officers of food products companies earned average compensation of $276,000.

Whenever results of executive compensation are published, the six-figure salaries raise a few eyebrows. As one respondent to *Food Engineering's* survey commented, "I would like to complain about the enormous bonus taken by the President of our Corporation. It amounted to $130,000 in common stock and was taken the same year all salaried personnel in our Division were asked to abide by the 7% ceiling on wage adjustments. Furthermore, our wage review period was extended to 13 months from the normal 12."

On the other hand, a different perspective about salaries of presidents is provided by Towers, Perrin, Forster & Crosby, management consultants. "The fuss and furor about chief executive pay is nonsense," asserts C. F. Fretz, Vice President of Human Resource Services for TPF&C. "We ask these individuals (top executives) to take on responsibility for millions, sometimes billions of dollars in shareholder investments and the future of thousands of working people. We cannot expect them to do that without adequate reward. If anything, most CEOs in this country are underpaid."

Small companies vs. large

Do large companies pay higher salaries than small companies? In general, the answer is yes. Or at least large companies offer the opportunity for larger salaries to be earned. The median salary for all managers in large companies (over 500 employees) is $37,000 which is about $5,000 higher than the median salaries for managers in companies with under 500 employees. This is due, of course, to managers in large companies having more people and facilities to manage, thus higher salaries.

For example, technical directors of large companies (over 500 employees) have a median salary of $52,000. That contrasts with a median salary of around $37,000 for technical directors of companies with 100-499 employees.

However, there are three job titles—sales manager, food technologist, and sanitation/maintenance manager—where the salary gap is not as wide between small companies and large. For these positions, the median salary difference is between $3,000-$4,000. Percentage wise that represents a gap of about 15%, whereas the gap for technical directors is more like 40%.

That's not to say that all small companies pay low salaries. In some cases, smaller companies are making it quite attractive for personnel to stay—especially manufacturing and marketing executives.

Product specialties

Does one branch of the food industry pay better than another? Are salaries higher in the dairy industry than in the meat industry? Do bakeries pay more than soft drink companies? And so on.

Actually, most food companies are diversified into more than one type of product, so questions like that are becoming academic. Nevertheless, in

Range Of Salaries By Job Function

The numbers indicate the percentage of respondents in each salary range, by job function. For example, 10.5% of the Vice Presidents of R&D reported a salary within the range of $35,000-$39,999.

	Vice President, R&D	Vice President, Manufacturing	Vice President, Marketing/Sales	Engineering Manager	Technical Director	Sales Manager	Marketing Manager
Under $10,000	—	—	—	—	—	—	—
10,000-14,999	—	—	—	—	—	1.3	—
15,000-19,999	—	—	—	1.6	2.5	—	1.8
20,000-24,999	—	2.0	4.3	—	7.5	3.9	5.3
25,000-29,999	—	4.0	4.3	4.8	12.5	11.8	14.0
30,000-34,999	—	—	8.7	11.1	13.8	14.5	15.8
35,000-39,999	10.5	6.0	10.9	22.2	12.5	19.7	21.1
40,000-44,999	15.8	16.0	8.7	27.0	20.0	26.3	14.0
45,000-49,999	5.3	4.0	—	3.2	1.3	2.6	3.5
50,000-54,999	5.3	16.0	10.9	17.5	10.0	11.8	15.8
55,000-59,999	5.3	12.0	13.0	6.3	8.8	5.3	5.3
60,000-69,999	15.8	22.0	13.0	3.2	5.0	2.6	3.5
70,000-79,999	10.5	6.0	4.3	1.6	3.8	—	—
80,000-99,999	5.3	8.0	15.2	1.6	2.5	—	—
Over $100,000	26.3	4.0	6.5	—	—	—	—

Average (Median) Salaries By Job Function

Vice President, R&D	$66,000
Vice President, Manufacturing	56,000
Vice President, Marketing/Sales	55,800
Engineering Manager	41,650
Technical Director	40,380
Sales Manager	39,000
Marketing Manager	37,670
Plant Manager	37,560
Packaging Manager	37,330
Project Engineer	32,970
Transportation/ Distribution Manager	31,930
Purchasing Manager	31,370
Sanitation/ Maintenance Manager	29,500
Quality Control Manager	27,910
Chemist	27,890
Production Supervisor	27,440
Food Technologist	26,600

sifting through the data and separating salaries by primary product, the higher salaries appear to be associated with the beverage and baking areas. This was true in *Food Engineering's* survey in 1980, too.

This year, for personnel employed by companies specializing in grain mill products, the median salary was $36,000. Personnel employed in the beverage industry had a median salary of $35,920. And bakery employees reported a median salary of $35,470. At the bottom of the list were dairies ($31,790), fruits & vegetables ($31,600) and seafood ($28,200).

Personnel who listed two or more "primary" products as their specialty, has a median salary of $35,490. This is $1,730 more than the median salary for everyone combined.

Low salaries

Once again this year there were numerous comments about low salaries in the food industry. And it wasn't only the people on the receiving end of the low salaries that complained. As one Vice President of R&D (earning over $100,000 per year) stated: "The food industry will not improve its profit margins unless they pay competitive salaries to attract outstanding people. Paying low salaries because we have low margins just insures we'll stay poor."

About half of the complaints about low salaries came from quality control managers, food technologists and chemists. Also high on the list of complaintants were transportation managers. After those four groups, the comments about low salaries were spread fairly evenly throught the spectrum of job titles.

The most frequent complaint from technical people was that they are being paid less than non-technical employees. One food technologist with 6-9 years of experience in the meat industry reported: "Non-exempt and hourly workers working comparative hours will earn in excess of my salary." A quality control manager with 6-9 years of experience in the fruit & vegetable industry said: "My salary is less than the packing floor supervisors." And those comments were echoed by a host of other food technologists and quality control managers.

One chemist brought out a secondary problem created by low salaries: "Companies have a tendency to underpay technical people . . . this tends to diminish the impact that the technical person should have."

Frequently, the comments mentioned unions. "Union wages are increasing at a more rapid rate than management," said one transportation manager. "I could go to work as a truck driver in my own department and make more money." In the same vein, a plant engineer commented, "Bargaining units have been doing well during the recession with 8-14% increases in pay. Management has been around 6-7%."

In any event, the overriding feeling

(Continued on next page)

Plant Manager	Packaging Manager	Project Engineer	Transportation/ Distribution Manager	Purchasing Manager	Sanitation/ Maintenance Manager	Quality Control Manager	Production Supervisor	Chemist	Food Technologist
—	—	—	—	—	—	—	—	—	—
—	—	—	2.1	1.8	—	2.2	2.2	2.1	1.9
1.6	1.1	1.6	4.2	10.9	2.2	9.4	10.0	10.6	17.1
7.8	7.9	4.9	16.7	15.5	19.6	21.0	20.0	23.4	23.8
10.9	15.7	22.1	17.4	16.4	28.3	24.3	30.0	21.3	19.0
17.2	18.0	29.5	20.8	17.3	30.4	16.6	15.6	21.3	15.2
20.3	13.5	19.7	13.2	11.8	13.0	12.7	10.0	8.5	10.5
15.6	25.8	16.4	11.1	10.0	4.3	8.3	7.8	2.1	8.6
3.9	1.1	0.8	1.4	3.6	—	1.1	—	2.1	—
10.9	5.6	4.1	7.6	7.3	—	2.2	2.2	8.5	1.9
3.1	6.7	0.8	1.4	3.6	2.2	1.7	—	—	1.0
3.9	3.4	—	2.8	0.9	—	0.6	1.1	—	—
3.1	1.1	—	1.4	0.9	—	—	1.1	—	1.0
—	—	—	—	—	—	—	—	—	—
1.6	—	—	—	—	—	—	—	—	—

1982 SALARY SURVEY . . . about low pay for technical personnel was that companies should distribute the "rewards" more equitably in view of the training required to obtain the technical skills and the responsibility that goes with the job.

However, when it comes to responsibility, other groups such as marketing managers, purchasing managers and transportation managers, make good points. As one transportation director says: "When someone is responsible for negotiating rates and transportation contracts—and realizes a $6-10 million savings annually—he should command a higher salary."

Good benefits

Of course, not everyone commented negatively about salaries. Some people expressed satisfaction with their compensation, while others philosophized "no matter how much you make, it's never enough."

In addition, many people commented about the benefits provided by their companies "I have the feeling of more security and satisfaction when compared to other industries who are laying off and/or cutting salaries," said one engineer. This particular engineer reported 20 years of experience in the food industry and 5 years of experience outside the food industry. At least a dozen other comments referred to the "stability" of the food industry as a benefit.

Another benefit mentioned frequently was the rural nature of the industry. "We're satisfied with our environment, low population, clean air, and low crime rate," wrote one project manager. "We accept low salaries because of these advantages."

"Free food" was another benefit mentioned by a number of respondents. Although many of them just mentioned "free milk," "free bread," etc., one packaging engineer who works for a meat company put a price tag on it. "We receive $500-$700 worth of free products a year," he said.

Company cars as a benefit were mentioned frequently, too. "We are compensated with car allowances, medical, life insurance, auto insurance, gasoline for our autos, paid vacations, extra check at vacation, free meat, profit sharing and yearly bonus, said one quality control manager. "In addition to my salary, I get a company car which is considered to be worth about $5,000 income," said another.

Male vs. female salaries

Is there discrimination in salaries between males and females doing similar work? Unfortunately, *Food Engineering's* survey didn't have a large enough response from females to permit detailed comparisons. A total of 112 females with the title of food technologist or quality control manager did return the survey. While that may seem like a large enough response, it doesn't permit detailed comparison of all the variables.

For example, the median female salary for quality control managers was $22,000. The median salary for males doing that job was $28,710. Quite a difference. But those medians are misleading unless you take experience into account.

From an experience standpoint, 63% of the male quality control managers had more than 10 years of job experience. Only 10% of the female quality control managers had more than 10 years of job experience. So when median salaries of the managers are compared, the comparison is skewed on the high side in favor of male managers with greater experience.

Of course, it is possible to separate the respondents by salary *and* job experience. And Food Engineering did that. But educational experience also enters the picture. One group may have more Ph.D's than the other. So you have to separate groups by educational level, too. Then, what about geographic location? And what about company size? What it all boils down to is that 112 respondents is not enough to provide a detailed, valid look at this particular aspect of salaries.

Raises are too small

Many experienced personnel within the food industry complained that raises have not kept pace with the increase in starting salaries offered to college graduates each year.

One chemist with over 20 years experience commented, "starting salaries in the food industry have increased so fast over the past 8-10 years, that new employees with the

Average (Median) Salaries By Company Size

	0-99 Employees	100-499 Employees	500 or more Employees
Vice President, R&D	$ —	$49,000	$100,000
Vice President, Manufacturing	49,000	53,330	67,880
Vice President, Marketing/Sales	43,000	54,500	69,000
Engineering Manager	—	37,250	42,670
Technical Director	28,000	36,670	52,000
Sales Manager	37,000	39,000	40,830
Marketing Manager	28,000	34,000	42,800
Plant Manager	35,400	37,440	43,600
Packaging Manager	24,500	32,000	40,220
Project Engineer	—	31,780	33,520
Transportation/Distribution Manager	26,600	27,330	37,000
Purchasing Manager	26,330	27,500	37,000
Sanitation/Maintenance Manager	29,500	28,000	32,500
Quality Control Manager	22,670	26,140	32,940
Production Supervisor	25,670	26,600	34,000
Chemist	18,500	28,000	31,000
Food Technologist	24,500	22,830	28,200

same education as long-time employees are making basically the same salary. There have been no adjustments within this company for experience and expertise."

An engineer with over 20 years experience summed it up this way: "Old timers are not adequately compensated commensurate with years of employment and experience compared to salaries offered to recent graduates."

Another engineer provided some details about the problem: "Engineering salary after 4 years is $28,000 (his salary). Starting salary (his) was $16,000. So 4 year increase has totaled 76%. Unfortunately, I read and hear via grapevine that salaries for recent graduates range from $23,000-$26,000. So my actual increase for 4 years is roughly 15%."

That's a problem that management has to address.

Salary cutbacks, freezes

While some people complained about raises being too small, others felt the sting even more, as indicated by the following comments:

"All salary levels within our parent company and subsidiaries are frozen until the company experiences two consecutive quarters of profit,"—quality control manager, beverage company.

"The company gave across-the-board pay *cuts* (6%) to middle management in 1980, and very small (5%) raises since,"—Purchasing manager, dairy.

"Our company has a freeze on wages,"—plant manager, dairy.

"There will be no pay increases for non-union employees this year,"—sales manager, bakery.

"Company salaries in management have been frozen going on one year. However, capital expenditures have risen sharply and union employees have had a good raise during the same time frame,"—purchasing manager, cannery.

"Our company laid off all food engineers and chemical engineers who were working on long range projects," reports the technical director of a large multi-products company. "Actions such as this will have a long-lasting effect on this company's future hiring of research engineers."

For a few individuals, there may be one way around the salary squeeze, as pointed out by this comment: "Once established as a credible consultant, my income became at least triple of what I would probably have received as an employee." The person who made that comment reported a salary level of "100,000 or more."

Salaries: "Forbidden issue"

Another interesting comment came from a "manager" on the East Coast: "Salaries in our company are a forbidden issue to discuss. Union personnel make no secret of hourly wage, overtime, pay differential or other compensation. However, management personnel have been indoctrinated in the belief that it is beneath their dignity to discuss salaries.

"I sincerely believe this type of thinking should be changed. It is to the company's interest to publish the salaries and bonuses of all management and executive personnel. The company would benefit from this, if compensation was fairly distributed, by higher moral and greater productivity because everyone would know the salary structure of the company. The underpaid, hard worker who has been with the company 10 or more years and does not know his real worth would rightly be increased to the prevailing wage." FE

Salaries vs. Product Specialties

Grain Mill Products	$36,000
Beverages	35,920
Bakery	35,470
Meat	33,380
Fats & Oils	33,380
Confectionery	32,750
Pasta	32,500
Dairy	31,790
Fruits & Vegetables	31,600
Seafood	28,200
Multiple Categories	35,490
Categories other than those mentioned above	35,920

Within each product specialty (Grain Mill Products, etc.), the salaries for all job functions from vice president through food technologist have been tabulated and the median salaries are presented here. If respondents checked two or more product specialties, they are listed under "multiple categories."

Geographical Location

	Average (Median) Salary
New England	$32,470
Middle Atlantic	33,940
South Atlantic	32,920
Deep South	33,330
North Central	33,830
Plains States	28,400
Rocky Mountain	31,600
Southwest	33,540
West Coast	36,580

Educational Experience

	Average (Median) Salary
High School, or less	$31,410
Some College	32,180
Bachelors degree	35,480
Masters degree	36,060
Ph.D	43,600

Foods advertised the most— and the least

According to this USDA study, breakfast cereals top the list in advertising-to-sales ratios.

As might be expected, advertising has a significant impact on food sales. According to a recent study by the USDA's Economic Research Service (ERS), product classes that are heavily advertised by brand manufacturers generally get a bigger share of the consumer dollar than less heavily promoted product classes. Without advertising at levels near the industry average advertising-to-sales ratios, food manufacturing firms are rarely able to maintain market shares of branded, packaged products.

According to industry data, the leading national advertisers in nearly every food processing industry are those which have the largest share of the market. ERS estimates that advertising accounted for about four percent of the at-home expenditures for food during the 1970's.

Nearly all food industry advertising and promotion is intended to influence consumers to make choices of what to buy or where to shop. There is virtually no advertising designed to increase total food consumption, or influence consumer choices between food and nonfood items. Moreover, there is very little advertising that promotes broad classes of food such as dairy, meat, and produce. This type of promotion, called generic or commodity advertising, is designed to influence consumer choice among food products, but it accounts for less than 1 percent of total food advertising and promotion expenditures.

Although most food advertising promotes a particular brand, such advertising may also increase purchases of all brands in the same product class. This may be partially due to longrun substitution of these aggressively advertised products for classes whose brands are individually and collectively little advertised (thus lowering consumers' awareness of their existence). Extensive advertising of one brand in such a product class could motivate consumers to try other brands as well to find the one that best satisfies their preferences. FE

Adapted from "Advertising and American Food Consumption Patterns" by Anthony E. Gallo and John M. Connor in the Summer, 1982 issue of the National Food Review, ERS, USDA, Washington, D.C.

Foods with the highest advertising/sales ratio

Product category	A/S ratio
Breakfast cereals	10.10
Bottled liquors	8.82
Soup mixes	6.94
Dog and cat food	6.41
Ready to mix desserts	6.31
Meat sauces	5.41
Mayonnaise	5.02
Other flavorings	4.96
Wines, brandys, etc.	4.59
Cake mixes	4.55
Other food preparations	3.59
Tea	3.45
Frozen baked goods & dinners	3.30
Canned beer and ale	3.01
Catsup	2.89
Macaroni, spaghetti, noodles	2.83
Concentrated coffee	2.62
Margarine	2.75
Soups & other canned specialties	2.46
Sweeteners and syrups	2.43

Foods with the lowest advertising/sales ratio

Product category	A/S ratio
Frozen juices	0.59
Natural cheese	0.59
Ice cream & ices	0.57
Frozen packaged fish	0.55
Canned nuts	0.50
Canned vegetables	0.41
Turkeys	0.32
Corn mill products	0.27
Young chickens	0.23
Wheat mill products	0.22
Butter	0.15
Processed cheese	0.12
Ducks & small game	0.10
Wheat flour	0.09
Processed fish	0.07
Lard	0.02
Packaged fluid milk	0.02
Vinegar	0.02
Bird feed	0.01
Beef	0.00
Veal	0.00
Lamb	0.00
Pork	0.00
Packaged fish	0.00